

 <div style="text-align: center;"> <b>STATE OF ALASKA</b>  <b>DEPARTMENT OF TRANSPORTATION</b>  <b>AND PUBLIC FACILITIES</b> </div> <div style="text-align: center; font-size: 1.5em; font-weight: bold;">Policy and Procedure</div>		POLICY AND PROCEDURE NUMBER <div style="text-align: center; font-weight: bold;">11.04.019</div>	PAGE <div style="text-align: center;">1 of 3</div>
		EFFECTIVE DATE <div style="text-align: center;">June 30, 2000</div>	
SUBJECT <div style="text-align: center; font-weight: bold;">Equipment Capitalization</div>		SUPERSEDES <div style="text-align: center;">DPDR 11.04.019</div>	DATED <div style="text-align: center;">4/2/1996</div>
TITLE <div style="text-align: center; font-weight: bold;">State Equipment Fleet</div>	CHAPTER <div style="text-align: center; font-weight: bold;">Equipment Use, Care and Maintenance</div>	APPROVED BY	

## PURPOSE AND SCOPE

The purpose of this procedure is to provide guidelines for determining the amount capitalized during the initial procurement/fitting of equipment and the distinction between repairs and capitalized improvements on current equipment. This procedure applies to procurement for the Statewide Equipment Fleet (SEF).

### Introduction:

SEF is required to maintain an accounting of all equipment costs and to differentiate between capitalized asset costs and normal equipment repair costs.

Responsibility/Performance:	
HQ Procurement Specialist:	Review procurement information to ensure that all related costs are capitalized to proper vehicle number.
HQ Contracting Officer:	Provide criteria to determine what constitutes costs to be capitalized.
Fleet Manager:	Ensure compliance with this procedure.

## DISTRIBUTION

All holders of the DOT&PF Procedure Manual and the SEF Procedure Manual.

## PROCEDURE

### A. New equipment.

1. All costs directly related to the purchase and/or fitting for the equipment's final purpose within-SEF should be capitalized as part of the original basis of the asset.
2. These costs may include freight, upgrades, enhancements and/or installation of optional equipment. Costs exceeding \$500 per project should be considered for capitalization.

**B. Previously owned equipment: capital expenditure versus revenue expenditure.**

1. Distinction between capital and revenue expenditures:

- a. Capital expenditures will extend the useful life of the asset(s) and/or may add to the usefulness of the asset(s) with the addition of enhancements or optional equipment.
- b. Revenue expenditure does not extend the equipment's capacity or efficiency and merely maintains the asset in its existing condition or restores the asset to good working order.

**C. All items under consideration for capitalization in A and B above must be approved in advance by the SEF Fleet Manager.**

The "Request for Capitalization" memorandum is provided in Attachment A.

Attachment:

Attachment A: "Request for Capitalization" Memorandum

**Attachment A: "Request for Capitalization" Memorandum**

**MEMORANDUM State of Alaska**

Department of Transportation and Public Facilities

TO:

Manager  
HQ, State Equipment Fleet

FROM:

Equipment Manager  
Regional SEF Office

SUBJECT:

Capitalization Request  
Project No. V

Approval is requested for the following Capitalization Project:

Asset No.

Project:

Reason/Justification:

\_\_\_\_\_  
(Attach backup if necessary.)

Estimated Cost:

\_\_\_\_\_  
THIS PORTION FOR SEF HQ OFFICE USE ONLY:

Approved/Disapproved by \_\_\_\_\_ Date  
Manager, HQ SEF

\_\_\_\_\_  
cc: Vehicle File

**SAMPLE ONLY--REGIONS SHOULD USE AS MINIMUM GUIDELINE FOR PROJECT REQUESTS**